

The complaint

Mr and Mrs E have complained that the further advances they took out on their mortgage with Santander UK Plc were irresponsibly lent. They are also unhappy about how Santander has treated them since their fixed interest rate product ended in the spring of 2024 and they have been unable to afford the new monthly payments, which has resulted in legal action being taken.

What happened

Mr and Mrs E took out their interest-only mortgage with Santander in 2002 over a term of 22 years. The mortgage was recommended to them by an independent mortgage broker. They then took further advances directly with Santander on an interest-only basis in July 2003 and November 2003, and on a repayment basis in February 2004. The terms of the further advances were set so that they ended around the same time as the main mortgage. On each occasion Mr and Mrs E took borrowing on an interest-only basis, Santander asked them how they intended to repay the amount they were borrowing. They confirmed they would be using mortgage endowment policies on each occasion.

Mr and Mrs E's mortgage fell into arrears for the first time in early 2005. They made additional payments to clear the arrears, but further arrears occurred in October 2006 and the account remained in arrears for most of the time until August 2011, when Santander agreed to capitalise the arrears. However, the following year arrears again began to build, and Santander started legal proceedings, although the property was not repossessed. The arrears were repaid in 2015, and Mr and Mrs E maintained the mortgage until March 2020. Thereafter the mortgage was in and out of arrears on a regular basis until July 2024, since when arrears have grown steadily. Mr and Mrs E explained during our investigation that after the further advances were made Mr E's income fell after a job change and Mrs E's health deteriorated.

In 2019 Mr and Mrs E attached a new interest rate product to their mortgage which had a five-year term. The product was due to end on 2 April 2024. Once it ended the interest rate applied to the mortgage increased considerably and Mr and Mrs E have told us they could not fund the increase. The arrears balance on the mortgage started to increase.

The main mortgage was due to be repaid in December 2024, and the two interest only further advances in July and November 2024 respectively. Neither the main mortgage nor further advances were repaid at the end of their terms.

In May 2025 Santander wrote to Mr and Mrs E about the overdue mortgage repayment. It explained that an agreement for how the mortgages would be repaid needed to be in place or it would start legal action. As no arrangement was put in place, legal action was started.

In June 2025 Mr and Mrs E complained that the further advances had been mis-sold, the recent interest rate increase was unaffordable, and these issues had caused damage to their credit files and affected their health.

Santander sent Mr and Mrs E a letter on 8 July 2025 explaining that it had not sold them the main mortgage and so it was not responsible for the complaint they'd made. Mr and Mrs E would need to raise the complaint with the mortgage broker, or the Financial Services Compensation Scheme (FSCS) as the broker was no longer in business.

On 20 August 2025 Santander responded to the complaint points that it was responsible for. In relation to the sale of the three further advances, Santander said that the complaint had been raised too late. As for the change in interest rates in April 2024, Santander confirmed that it had been unable to offer Mr and Mrs E a new interest rate product as there was only a matter of months before the mortgage terms were due to end, and it didn't have products with terms that short. In relation to Mr and Mrs E's ongoing financial difficulties, Santander confirmed that its specialist financial support team had been speaking to them since the term of the first of the further advances ended in July 2024. Unfortunately, Santander had assessed Mr and Mrs E's financial situation, but it wasn't able to find a solution for them that was affordable.

Mr and Mrs E didn't accept the response they received and asked us to consider their complaint. They explained that the papers provided in response to a DSAR they'd made didn't include affordability checks or repayment plans for the further advances. Mr and Mrs E concluded that as there was no documentation about these issues, and their recollection was that the applications were made and agreed in a single telephone call each time, that no such checks and plans were completed.

One of our Investigators considered the complaint, but he did not recommend that it be upheld.

Mr and Mrs E didn't accept the Investigator's conclusions. They said that they understood that Santander was responsible for evidencing the suitability and affordability of the further advances, and as it could not, the complaint should be upheld. They expanded on their reasons for why they thought Santander had not done what it should have done. They asked that the complaint be referred to an Ombudsman.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The Investigator explained the time limits that apply to this complaint. He also explained that we can consider whether Santander's decisions to lend in 2003 and 2004 gave rise to an unfair relationship between lender and borrower. I am also satisfied that the issues they have raised about how Santander dealt with them following the terms of the mortgage and further advances ending fall within my remit.

Mr and Mrs E have highlighted the current requirements that must be met when mortgages are sold. I would initially confirm that at the time their mortgage was sold, and the three further advances were taken out, mortgages were not regulated financial products. So the regulations that they have commented on did not exist when they took out their lending and do not apply to the applications they made. That said, Santander was at the time a member of voluntary codes of practice and when reviewing this complaint, I have taken into account the law, the voluntary codes and what was considered good practice at the times the further borrowing was advanced.

Mr and Mrs E have also said that they consider that as Santander can't prove that an affordability assessment was done when each of the further advances was agreed, their complaint should be upheld. I can understand why they would like that to be the case, but

that's not how we assess a complaint. While it is helpful if there is documentation and records from the time of the sale of a mortgage, given the amount of time that has passed since Mr and Mrs E's mortgages were accepted, it is not surprising that only basic computer records exist. I say that this is understandable as data protection legislation discourages businesses from keeping information for any longer than necessary. Given that the assessments Mr and Mrs E have complained about happened around 21 years before they complained, if the mortgages had been unaffordable at the times of the sales, that issue would have been expected to have arisen before the end of the term.

I note that Mr and Mrs E have said that the further advances were arranged because Santander called them to offer more money as the value of their home increased. While that is possible, the documentation from the times of the sales Mr and Mrs E have provided details that the money was being borrowed for home improvement purposes. Given that Mr and Mrs E had borrowed money for that purpose when they applied for their main mortgage, it seems unlikely that Santander would have approached them to suggest further borrowing for the same purpose without reason. However, even had it done so, if Mr and Mrs E didn't have a need for the funds being offered, they didn't have to accept the money. Although Mr and Mrs E have said everything was completed in one telephone conversation, the offers they have provided show that after that conversation Santander sent them documentation which they needed to sign and return. They didn't have to do that if they didn't need or want the funds that Santander was offering them.

Mr and Mrs E don't think that an affordability assessment was undertaken before Santander agreed to lend to them. I think this is unlikely as it was part of Santander's and all other mainstream lenders', that I am aware of, lending process at the times of the further advances. I see no reason why Santander would not have made such an assessment in Mr and Mrs E's case.

In addition, Mr and Mrs E have said that there were no discussions about how the interest-only further advances would be repaid. However, Mr E confirmed to Santander shortly before the first of the mortgage terms ended that the original repayment vehicles had been mortgage endowment policies. The mortgage offers from 2023 also made it clear that Mr and Mrs E had to have an investment of some kind in place to repay the further advances. So it would appear that a repayment strategy was discussed at the times the interest-only further advances were agreed.

Overall, I am not persuaded that Santander acted inappropriately when it agreed the further advances and that Santander's lending decision created an unfair relationship between it and Mr and Mrs E.

Mr and Mrs E are unhappy that Santander has not found a solution for their situation so that they can keep their home. I can understand this, but there are limits to what a lender can do. In this case the mortgage terms had ended. Mr E was very close to the maximum age that Santander allowed for a borrower's age at the end of a term, so a term extension was not an option. In addition, Mr and Mrs E's finances were limited, the existing mortgage payments were unaffordable, and a repayment mortgage would likely have been too, even if a preferential interest rate product was attached to it. While a lender is required to try and help its customers and legal action should be a last resort, I am not persuaded in this case that there was anything Santander could do to help. The only actions it could take would simply have delayed the inevitable and increased the debt that Mr and Mrs S owed Santander.

I note that Mr and Mrs E consider that Santander should not have made the decisions it did because they are vulnerable. Santander has acknowledged their vulnerabilities, and it is required to bear them in mind when making decisions about their account. However, a customer being vulnerable does not mean that they don't need to repay their mortgage at

the end of the term, nor does it mean that a lender should not pursue legal action when it otherwise would.

Overall, I am not persuaded that Santander acted inappropriately or treated Mr and Mrs E unfairly after their borrowing was due to be repaid in 2024.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs E to accept or reject my decision before 18 February 2026.

Derry Baxter
Ombudsman